

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 L-02 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 /046 R

DRAFTED BY NEA/ARP:FMDICKMAN:CEJ

APPROVED BY NEA/ARP:FMDICKMAN

L/NEA - MR. HUFFMAN

COMMERCE - MR. HEARN (INFO)

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R 060011Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY MANAMA

C O N F I D E N T I A L STATE 267659

E.O. 11652: GDS

TAGS: BDIS, BA, US

SUBJECT: TAKEOVER OF RTV BAHRAIN BY BAHRAIN GOVERNMENT

FOR AMBASSADOR

1. NEA/ARP HAS BEEN VISITED BY FRANKLIN WILLIAMS, PRESIDENT OF PHELPS STOKES FUND IN NEW YORK, BOARD MEMBER OF INTERNATIONAL MANAGEMENT SERVICES (IMS), AND FORMER US AMBASSADOR TO GHANA CONCERNING PROBLEMS RTV BAHRAIN IS FACING IN NEGOTIATIONS WITH GOB FOR ONE HUNDRED PERCENT TAKEOVER. IMS OWNS 80 PERCENT OF RTV BAHRAIN LTD. THROUGH ITS WHOLLY OWNED SUBSIDIARY ASSOCIATED BUSINESS CONSULTANTS SAL BEIRUT. BALANCE OF SHARES OWNED BY GOB.

2. RTV ESTABLISHED COLOR TELEVISION SYSTEM IN BAHRAIN IN 1973 BUT HAS BEEN PLAGUED BY FINANCIAL PROBLEMS OCCASIONED BY GOB INSISTENCE IN PUSHING COLOR TV AND LOCAL COLOR TV PROGRAMS BEFORE RTV COULD ESTABLISH STRONGER FINANCIAL
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BASE THROUGH RADIO BROADCASTING. NEGOTIATIONS CURRENTLY

UNDERWAY WITH GOB REGARDING COMPLETE TAKEOVER BY GOB. IMS UNDERSTANDS THAT GOB WILL PAY COMPANY ITS BOOK VALUE (I.E., ITS INVESTMENT) FOR RTV. HOWEVER, IN EARLY STAGES OF DISCUSSIONS, GOB THREATENED RTV BAHRAIN WITH BANKRUPTCY AND WOULD THEREBY TAKE OVER ALL OF ITS ASSETS. PRELIMINARY IN-

FORMATION, ACCORDING TO IMS, IS THAT RTV NET INVESTMENT IS ONE MILLION DOLLARS PLUS DOLS 200,000 OF INTER-COMPANY ADVANCES IN EXCESS OF CAPITALIZATION.

3. WE ARE POUCHING MEMORANDUM PREPARED BY IMS ON MATTER. IN MEANTIME, YOU MAY BE CALLED BY IMS PRESIDENT GERALD MCKEE TO INFORM YOU OF STATUS OF NEGOTIATIONS AND HE MAY SEEK EMBASSY ASSISTANCE OR ADVICE IN COMPANY'S EFFORTS RECEIVE COMPENSATION. KISSINGER

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